

10/1/04

We have received guidelines from Centers for Medicare and Medicaid Services (CMS) regarding Medicare-Approved Drug Discount cards and the \$600 Transitional Assistance Credit that some clients have received prior to becoming eligible for Medicaid. Policy has been updated for the November bulletin, but it is effective back to June 1, 2004, when the Medicare-Approved Drug Discount cards started.

Because of the retro effective date of this policy, I am sending this memo so that workers will have the information available now and will be able to handle the cases properly.

**TPL:** The Medicare-Approved Drug Discount Card and / or the \$600 Transitional Assistance credit cannot be considered a TPL. This means that a beneficiary with the Medicare-Approved Drug Discount Card and /or the \$600 Transitional Assistance credit who is eligible for Medicaid does not have to spend the \$600 credit before Medicaid will pay for the beneficiary's prescription drugs.

**SPENDDOWNS:**

- The Medicare-Approved Drug Discount Card enrollment fee (a maximum of \$30 per year), if paid by the client can be treated as an expense in the month it was paid. Enrollment fees for other drug discount or assistance programs cannot be treated as an expense to reduce the countable income.
- For Medicaid spenddown purposes, if a client is using eligible pharmacy bills to meet a spenddown that were discounted with a Medicare-Approved Discount Card or any part of the \$600 Transitional Assistance Credit was applied to the amount paid by the client, the worker is to post the “**pre-discount price**” as the total expense and the client obligation on the MEEI screen. This will treat the bill as though the client was charged and paid the usual retail price. The information may be available on the receipt or the worker may have to contact the pharmacy to determine what the retail price would have been.

If the worker cannot determine the actual pre-discount price of a prescription drug, the worker can use an imputed value of \$48.17 (per prescription) as a substitute for the actual pre-discounted price. This amount represents the national average cost per prescription for the cash-paying customers in 2003. If the client can provide evidence satisfactory to the worker that he or she paid more than the imputed value of \$48.17 for a prescription the worker should use the amount the client can document as the incurred medical expense.